RJ Reynolds
Tobacco Company

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DM
PRIORITY COMMUNICATION

919-741-5000
Winston-Salem, N.C. 27102

DM-32-G

March 25, 1993

To All Division Managers

SUBJECT: Consumer Mission Program/Buydown Program/Store Sale Program

In the attempt to keep pace with a rapidly changing marketplace, many work plan changes have occurred in a short time. Three programs designed to increase our work plan effectiveness are the Consumer Mission Program, Buydown Program and Store Sale Program. You and your people are currently utilizing our Consumer Mission Program. Also, we have recently instituted a buydown procedure for discounting our products where applicable. Finally, we would like to make available a Store Sale Program, where applicable, to provide further flexibility to our work plan. While these are three separate programs, they do tend to overlap. We would like to explain each of these programs in more detail in order to address any confusion which may currently exist.

1. CONSUMER MISSION PROGRAM

The Consumer Mission Program has proven to be very effective in generating targeted trial of competitive adult smokers on a one-on-one basis. It has also resulted in very effective name generation from our business reply cards, which are attached to the coupon. Our direct marketing program has been set up to respond to adult smokers with properly filled out BRCs within three weeks after receipt of the card.

Direct one-on-one competitive adult smoker consumer contacts are critical to the trial and awareness of our brands, especially WINSTON Select, CAMEL Wides and CAMEL Special Lights. Consumer Mission coupons should be used during the normal course of business activities when you and your people encounter a competitive adult smoker purchasing cigarettes.

If a store does not accept coupons, your people may still utilize our Consumer Mission Program by buying a second pack for the consumer if the consumer agrees to buy a pack. Charge up the pack bought on the bi-weekly expense report on line 540. This should only be done on an exception basis where the store will not accept coupons. Do not record the cash transaction under "Offer Accepted" in the hand-held as we are using this designation to track Consumer Mission coupons utilized.

2. BUYDOWNS

Retail buydowns, especially joint retail ventures with chains, can be a very viable and effective means of promoting our products. A partnership with retailers builds relationships, creates retailer ownership, strengthens the power of promotion, and leverages the sharing of promotion costs with the retailer.

Monies to be used for buydowns are planned quarterly as part of the quarterly work plan planning process. Budgets must be carefully managed in order to prevent overspending.

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"We work for smokers."

Source: https://www.industrydocuments.ucsf.edu/docs/mljn0000

The following programs were recently added to the hand-held for reporting buydown placement:

- WINSTON Pack Buydown
- SALEM Pack Buydown
- CAMEL Pack Buydown
- VANTAGE Pack Buydown
- MORE Pack Buydown
- NOW Pack Buydown
- WINSTON Carton Buydown
- SALEM Carton Buydown
- CAMEL Carton Buydown
- VANTAGE Carton Buydown
- MORE Carton Buydown
- NOW Carton Buydown

Please instruct your people to select the appropriate program by brand, carton or pack, and enter the quantity in 50¢ increments to calculate the actual dollar amount spent on buydowns. This does not mean 50¢ buydown increments must be utilized. You have the flexibility to utilize whatever denominations you wish; however, when reporting, your people should round to the nearest 50¢ increment when making payment.

If opportunities arise for buydowns which have not been previously planned, you should utilize the following procedures:

- Wherever possible, requests for conversion of coupons to buydowns should be only for coupons not yet ordered or received in division offices. You should consider ordering coupons on an as-needed basis rather than stockpiling coupons.
- All requests for conversions should be routed to and approved by your P&P Manager at the sales area office.
- Sales area P&P Manager will then send a request to the Home office for processing.

When conducting buydown programs, you should be aware of and adhere to any applicable state or local regulations governing this activity.

3. STORE SALES

In some cases, opportunities exist in high traffic locations to sample numerous competitive adult smokers during periods of peak traffic; i.e., lunch, rush hour, etc. If the competitive adult smoker agrees to purchase a pack of RJR cigarettes, he/she would receive a second pack free. Recommended procedures are as follows:

- RJR Rep checks out a specified quantity/mix of RJR cigarettes.
- RJR Rep, when encountering a competitive adult smoker (21 years or older), would suggest the smoker purchase a pack(s) of RJR comparable brand style from the retailer. If the smoker agrees, the Rep would give the consumer a second pack of the brand.
- At the end of the store sale, Rep would count the number of packs left from his original check-out quantity and pay the retailer for the difference.

Consumer Mission coupons should not be utilized during a store sale. Excessive administrative time and unnecessary payment of the coupon redemption fee result when Consumer Mission coupons are used. Retailers may be reimbursed via the "RJR Store Sale" hand-held designation which will be added to the hand-held April 1. You should round to the nearest 50¢ and write a draft for the total retail cost of all packs given out. Store sale monies should not be charged to the Consumer Mission Program on your expense report. All store sale payments should be by draft.

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Source: https://www.industrydocuments.ucsf.edu/docs/mljn0000

Use of business reply cards (BRC) is a very effective and economical way of generating names for our direct marketing data base. BRCs without coupons attached will be made available for order for store sales effective April 26 as follows: Item #408113, 250 per SKU **(Please do not over order.)** We encourage your use of these cards in conjunction with store sales. However, the BRC should only be passed out to adult smokers where there is purchase intent, and only one per smoker. When using the BRC, your people should mention to adult smokers that they will be placed on the mailing list for additional offers if they fill out and return the card. Questions regarding BRC use and guidelines should be directed to K. Wadia, extension #7004.

All store sales must be funded from existing division budgets.

IMPORTANT: This information on the Consumer Mission Program, Store Sales and Buydowns should be communicated to your people. We have not communicated this information directly to all Sales Representatives as you and your Region Manger have the flexibility to determine the extent, feasibility and timing of work plan programs. However, all Sales Reps should be aware of the procedures outlined in this letter if they work these programs.

Program Contacts: Dick Luongo, #6110
Sharon Reid, #2584

R. J. Reynolds Tobacco Company

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